

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE****Asset Management & Compliance Section**

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July 19, 2010

Mr. Frederick C. Lamont, Executive Director
Housing Authority of the County of Santa Barbara
P.O. Box 397
Lompoc, CA 93436-6526

**RE: La Paloma Group Home
Rental Housing Construction Program (RHCP)
Loan No. 80-RHC-010
2010 Monitoring Visit**

Report of RHCP Monitoring Visit

Dear Mr. Lamont:

On June 23, 2010, Mike Lloyd met with Bob Havlicek and Jim Harms of the Housing Authority of the County of Santa Barbara to conduct the monitoring of the La Paloma Group Home, located at 229 North E Street in Lompoc California. The purpose of the visit was to assess the La Paloma Group Home's implementation and administration of its RHCP-funded project and to determine whether the terms of the RHCP requirements for ongoing management of the project are being met. This letter, with Monitoring Report enclosed, summarizes Findings, if any, and required corrective action along with Concerns. The review is based on documents that have been submitted to our office and the on-site visit.

A "Finding" is a deficiency based on program requirement for which a default may be declared if left uncured. As a result of the monitoring review, it was determined that there were no Findings and no Concerns.

Thank you for the assistance you provided to me during the monitoring visit. We wish you continued success in affordable housing endeavors. If you have any questions, please contact me at (916) 327-3619, or email dstebing@hcd.ca.gov.

Sincerely,

Doug Stebing, Program Manager
Asset Management & Compliance Section

Enclosure



**Monitoring Report
Project No. 80-RHC-010
La Paloma Group Home**

The Housing Authority of the County of Santa Barbara, a government entity, was awarded \$107,945.00 for construction of affordable rental housing at La Paloma Group Home, consisting of six units, all of which are assisted units, located in Lompoc, California. The project is a single story residence group home, consisting of six one-bedroom units. The project has a common kitchen, laundry facilities, family room and dining room. The facility also includes an office and a nurse station.

Specific areas monitored and evaluated include:

- 1. Physical:** The Sponsor is responsible for all repair and maintenance functions of the Rental Housing Development, such as: the units, grounds and common areas and including ordinary maintenance and replacement of capital items.
- 2. Financial:** Several items in the fiscal category require regular periodic monitoring in order to ensure the fiscal integrity of the project. The Department is required to ensure items, such as: the appropriate amounts of funds are in the reserve account(s); appropriate use/approvals are obtained for reserve account withdrawals; property taxes are current; insurance coverage is current and complies with Program requirements; and there is adequate project cash flow.
- 3. Management/Compliance:** The Management Contract and Management Plan must be current; budget reports must be accurate and received per schedule; Annual Reports and audits must be accurate and received per schedule and findings addressed; Responsiveness to deadlines/requests including payments due HCD. Tenancy Standards must be met, such as: the annual income for a household must be within the very-low income limits established by the Department; annual recertification of household income; rents must be within the limits established; Affirmative Fair Housing laws must be met; grievance and appeal procedures need to be followed.

Physical:

No compliance issues of concern were observed during the on-site visit.

Financial:

- 1) **Appropriate use/approvals obtained for reserve account withdrawals.** The project has a nominally negative cash flow that is anticipated for such affordable housing projects and appropriately requests Departmental approval for annuity payments and necessary capital expenditures. Housing Authority of the County of Santa Barbara project management staff promptly respond to Department requests for financial information. No fiscal processes or procedures were observed to be out of compliance during the on-site visit.

- 2) **Insurance Coverage.** Current copies of the Certificate of Liability (liability) and Evidence of Property Insurance (hazard) were obtained in-house. The Department was appropriately listed as "Additional Insured" on the Certificate of Liability Insurance and as a "Loss Payee" on the Property Insurance.

No financial issues or concerns were observed during the monitoring visit.

Management/Compliance:

No other management or compliance issues of concern were observed during the on-site visit.

Conclusion:

The La Paloma Group Home project is a conscientious rental housing project that generally meets health and safety standards and other RHCP requirements. The owner and manager of the project is Life Options, Vocational and Resource Center, Inc. (LOVARC). The project facility manager, Bethany Mattis, is very cooperative and the property is attractive and well-maintained.